

10 Tips for Buying a Franchise

1) Choose a business you like

Even when you're the boss, work is work. Select a business that you find interesting, and preferably something you're excited about.

2) Do your homework

Check out the company in which you're interested. Research how many franchises are sold per year and how many of those are successful. Find out how long you'll need to own the franchise before you're allowed to sell, and any other terms or conditions. Also check out the market trends in your area for the franchise in which you're interested.

3) Talk to your predecessors

Find out how many owners this franchise has had in its current location, and speak with as many of them as you can. Ask about challenges and their experiences with the franchisor. Also find out why they decided to sell.

4) Look into financial records

While individual franchises may keep their records under wraps, you should be able to read the Franchise Offering Circular. It will provide you with background and history for the franchise, as well as terms and conditions, and even potential earnings information.

5) Take care of the practicalities

Will the current employees be staying after the franchise is sold? Will you take over the lease, or will the landlord want to renegotiate with you? Will you have to pay a franchise fee? Look closely at all these important details before you make any decisions or commitments.

6) Talk about money

In most situations, owner financing is a given. Since banks often will not finance business loans, this may be your only option. Discuss this and your financing needs before you get too attached to the business.

7) Make an offer After you've looked over the company's financial records, check out the competition and look at other business for sale in the same area. Then, make a reasonable and well-researched offer.

8) Don't pay cash

While it may be tempting to tap into your own savings to buy the business of your dreams, think about how much cash you'll need if that key piece of equipment breaks down or you don't turn a profit as quickly as you hope. Leave your emergency savings untouched.

9) Keep calm

Remember?this is a business transaction. No matter how eager you are to acquire this opportunity, don't let your emotions get the better of you.

10) Close quickly

Do everything you can to expedite the closing of the sale to prevent any hang-ups in negotiations or second thoughts on the part of the seller.